

CLIENT NEWS BRIEF

New Law Squeezes Local Ballot Measures for Bonds

December 2017
Number 82

A significant new law will require local public agencies to include additional information in summary statements for local ballot measures that raise taxes, including school district general obligation bond measures. Assembly Bill (AB) 195 will amend section 13119 of the Elections Code by requiring summary statements for all local ballot measures that impose or raise a tax to include the amount of money the tax will raise annually and the rate and duration of the tax to be levied. The new law goes into effect on January 1, 2018, and affects measures already approved for an election to be held after that date.

This requirement will apply to all local tax measures, whether submitted to the voters by a local governing body such as a school district governing board or City Council or by citizens through the initiative process. In addition to general obligation bonds, AB 195 also applies to local sales and parcel tax measures.

According to its author, AB 195 was meant to fix a drafting error in an earlier ballot transparency bill, AB 809 (2015), which was intended to apply to all local measures but was found by a court to apply to citizen-backed initiatives only.

As a result of AB 195, the precious real estate of the summary statement, which is limited to 75 words, becomes less available as an opportunity to meaningfully communicate the purposes and works that will be funded by the taxes.

The new law could also pose compliance challenges for local agencies seeking to place bond measures on the ballot. Unlike a parcel tax measure, for which both the rate and duration of the resulting tax are ascertainable on Election Day, bond issues are subject to market forces that can make this information difficult to predict. While it would be possible to estimate tax rate and duration based on an estimated first series of bonds, because of future market conditions, changes in assessed value, construction costs, time of issuance, and size of issuance, efforts to quantify the rate and duration of a tax to fund anything beyond is extremely challenging. Public agencies will need to work closely with their bond counsel and consultants to address these and other issues raised by AB 195.

Lozano Smith has expertise in public finance matters, serving as bond counsel on more than \$1 billion in school district and community college district bond issues. Lozano Smith will be conducting School Bond Workshops across the state, covering topics that include:

- Elections: Timelines and requirements
- Bonds: Types, validity and tax treatment
- Roles and Responsibilities: Committees, consultants, and counsel
- Disclosure and Record-keeping: Regulations and legal considerations



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- Statewide Bond: Matching and impact

If you have any questions regarding the applicability of AB 195 to your measures, compliance with AB 195, or about navigating a future bond campaign, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also visit our [website](#), follow us on [Facebook](#) or [Twitter](#) or download our [Client News Brief App](#).

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